
Illinois Commerce Commission On its Own Motion))
Investigation Concerning Illinois Bell Telephone) Docket No. 01-0662
Company's compliance with Section 271 of the)
Telecommunications Act of 1996)

REBUTTAL AFFIDAVIT OF GENIO STARANCZAK

PRINCIPAL ECONOMIST

TELECOMMUNICATIONS DIVISION

ILLINOIS COMMERCE DIVISION

Dated: March 12, 2003

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I. INTRODUCTION

I, Genio Staranczak, being of lawful age and duly sworn upon my oath, do hereby depose and state as follows:

1. My name is Genio Staranczak. I am employed by the Illinois Commerce Commission as principal economist in the Telecommunications Division. My business address is 527 East Capitol Avenue, Springfield, Illinois 62701. I am the same Genio Staranczak that submitted an affidavit on behalf of Staff in this proceeding on February 21, 2003.

II. PURPOSE AND SCOPE OF AFFIDAVIT

2. The purpose of my rebuttal affidavit is to respond to comments filed by SBC Illinois on March 3 regarding the statistical guidelines used by Staff to evaluate SBC Illinois performance measure results. I will also address arguments made by all parties with respect to the billing performance measures.

III. STATISTICAL GUIDELINES

3. In my February 21 affidavit, Staff Exhibit 30, I outlined the statistical guidelines that Staff used to evaluate SBC's performance measure results. I

explained that Staff generally rated a performance measure a pass if it met or exceeded its standard (benchmark or parity) for 66% of the months for which data was available. I further explained that when a measure is disaggregated into two or more sub-measures that Staff used a two-step approach. First, the 66% pass guideline was applied to each sub-measure. Then, Staff computed the percent of sub-measures that pass, and if the percentage was greater than 90%, the performance measure was given a pass. Finally, I indicated that Staff was encouraged to exercise judgment and deviate from the guidelines when data and evidence provided justification for doing so.

4. SBC Illinois does not take issue with the statistical guidelines that Staff uses to evaluate SBCI's performance. Indeed SBC witness Ehr states that the approaches Staff and SBC Illinois use to evaluate SBCI's performance share some important common elements. Ehr rebuttal at 7. Rather SBC Illinois is concerned that Staff seems to treat the 90% guideline as a hard and fast rule. Ehr at 8. More specifically, SBC Illinois wants Staff to deviate from the 90% guideline, and give it passing grades when the guidelines suggest failing grades, because in SBCI's opinion there are good reasons for doing so. Ehr at 9. SBC Illinois witness Ehr applauds Staff witness Light, because Staff witness Light passed SBC Illinois on PMs related to operator services, directory assistance, numbering and number portability even though SBC Illinois failed the statistical guidelines on certain PMs in these categories. Ehr at 14. He then chastises Staff witnesses McClerren and Weber for not

exercising similar judgment with respect to PM 29 and PM 5, respectively.

Ehr at 11 and 9. According to SBC Illinois, both Staff witness McClerren and Staff witness Weber are “too rigid” in their adherence to the statistical guidelines. Ehr at 11 and SBC Illinois Reply Comments at 38 .

5. I disagree with Mr. Ehr’s assertion that Staff witnesses improperly adhered to the statistical guidelines I developed. Staff witnesses are experts in the subject matters addressed in their respective testimonies. In addition, Staff witnesses are knowledgeable about the competitive difficulties CLECs face in the local exchange market. For these two reasons Staff witnesses were encouraged to exercise such discretion as they deemed appropriate given their subject matter expertise and knowledge of particular facts and circumstances. This discretion would allow the individual subject matter experts to deviate from the guidelines in their evaluation of SBC Illinois’ performance measure results. This is what Staff witness Light did. He reviewed overall trends and the modest nature of the SBCI’s shortcomings and concluded that SBCI’s performance for the measures he addressed did not require a finding of non-compliance even though the statistical guidelines suggested otherwise.
6. However, it is entirely appropriate for Staff witnesses to adhere to the statistical guidelines when in their opinion adhering to the guidelines was warranted by the circumstances. This is what Staff witness McClerren and

Staff witness Weber did. They used their background and experience to judge the significance of SBCI's inability to provide satisfactory performance for certain submeasures and on this basis concluded that SBCI failed the overall measure associated with these sub-measures. Judgment cuts both ways. SBC Illinois cannot at the same time applaud Staff witnesses for exercising discretion when this favors SBCI and then admonish Staff for exercising judgment that does not favor SBCI.

7. Finally, I would note that Staff grants SBC Illinois a significant amount of forgiveness, since Staff's guidelines allow SBC Illinois to fail a sub-measure one out of every three months and still be given a pass on that sub-measure. The 90% guideline provides an extra amount of forgiveness to SBC Illinois by allowing SBCI to fail a sub-measure all three months and still be given a pass for the overall measure associated with that particular sub-measure. SBCI Illinois apparently wants the 90% guideline changed to a 75% guideline. Ehr at 5. This in Staff's opinion is too much forgiveness. Under such a proposal SBC Illinois could for a measure with 20 associated sub-measures, fail 5 sub-measures all 3 months, and fail the remaining 15 sub-measures one month out of three and still be given a pass.

IV. Billing PMs

8. In my February 21 affidavit, I noted that SBC Illinois was consistently failing PM17 – which measures billing timeliness. According to SBCI witness Mr. Ehr, SBC Illinois uses a higher standard than called for in the PM17 business rules. Mr. Ehr also states that even though SBCI is failing on this measure, the performance at 91% is high. Finally, Mr. Ehr, indicates that adjustments to PM17 have been agreed to in the recently completed six-month collaborative, and are before the Commission for approval, that will provide for more appropriate comparisons of like products to the retail equivalent process. Ibid at 37.

9. I am unsatisfied with Mr. Ehr's explanations with respect to PM17. First, SBCI claims it uses a higher standard than is required by the business rules for this measure and then argue it is alright to fail because they have voluntarily used a higher than necessary standard. If SBCI voluntarily chose to use a higher standard, then they should be judged by this standard -- and they are failing by the standard they themselves have chosen. Second, SBCI contends that 91% is good enough. But this is not a benchmark measure and 91% is not the benchmark. The agreed to standard for this measure is parity, and SBCI is not reaching parity. Finally, there is no guarantee that just because adjustments to PM17 have been recently agreed to, that SBCI will now pass PM17 whereas before these adjustments it consistently failed PM17. The comparisons in the new business rules may be more appropriate, but Mr. Ehr has not indicated what steps SBCI has taken to ensure it will pass

PM17 under the more suitable comparisons of like retail products. According to the data available, SBC Illinois has consistently failed PM17 whether its performance is compared to its affiliate or its performance is compared to its retail operations. I note that SBC Illinois also failed this performance measure in January 2003, both against its affiliate and against its retail operations.

V. CONCLUSION

10. Staff has discretion to deviate from the performance measure pass/fail statistical guidelines I outlined in my February 21 affidavit if in Staff's judgment this is appropriate. However, Staff also can also choose to adhere to the guidelines if this is what circumstances dictate. SBCI should not be surprised that Staff's judgment does not correspond to its own. Finally, Mr. Ehr's explanations of SBCI's shortcomings with respect to PM 17 are unsatisfactory and Mr. Ehr should provide more relevant clarifications in the sur-rebuttal round.

State of Illinois)

City of Springfield)

AFFIDAVIT OF GENIO STARANCZAK

Genio Staranczak, under oath, deposes and states as follows:

1. My name is Genio Staranczak. My business address is 527 East Capitol Avenue, Springfield, Illinois 62701. I am a Principal Economist in the Telecommunications Division of the Illinois Commerce Commission.

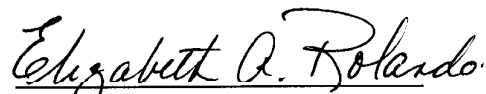
2. The attached affidavit prepared for use in Phase 2 of Docket 01-0662 is based on my personal knowledge.

3. I hereby swear and affirm that the information contained in the document cited above are true and correct to the best of my knowledge and belief.

Further affiant sayeth not.


Genio Staranczak

Subscribed and sworn to before me this 6th day of March, 2003.


Notary Public

